

BEFORE THE
POSTAL REGULATORY COMMISSION
WASHINGTON, D.C. 20268-0001

NOTICE OF MARKET-DOMINANT
PRICE ADJUSTMENT

Docket No. R2015-4

**RESPONSE OF THE UNITED STATES POSTAL SERVICE TO
CHAIRMAN'S INFORMATION REQUEST NO. 4**
(February 5, 2015)

The United States Postal Service hereby provides its responses to Chairman's Information Request No. 4, issued on January 29, 2015. The questions are stated verbatim and are followed by the responses.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

Daniel J. Foucheaux, Jr.
Chief Counsel, Pricing & Product Support

John F. Rosato

475 L'Enfant Plaza West, S.W.
Washington, D.C. 20260-1137
(202) 268-8597, Fax -6187
John.F.Rosato@usps.gov

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1. In the Notice, the Postal Service states that it "will be waiving permit fees for Merchandise Return Service and Parcel Return Service when a mailer has at least one outbound parcel sent using a permit." Notice at 32. Excel file "CAPCALC-SpecServ.xlsm," tab "G-4 Merchandise Return," cell "B36" contains the statement "[t]he Postal Service is assuming that 20 percent of existing permit holders will not meet the requirements for waived permit and accounting fees."
 - a. Please confirm that the Postal Service can use permit information to determine if a mailer that paid a Merchandise Return Service or Parcel Return Service permit fee also sent outbound parcels using a permit. If not confirmed, please explain.
 - b. There were a total of 1,767 paid permit fees for Merchandise Return Service in FY 2014. Please provide the percentage of mailers that paid these fees and also mailed at least one outbound parcel using a permit.
 - c. There were a total of 40 paid permit fees for Parcel Return Service in FY 2014. Please provide the percentage of mailers that paid these fees and also mailed at least one outbound parcel using a permit.

RESPONSE

- a. Confirmed
- b. There were 991 permit fees, and 777 account maintenance fees, paid for Merchandise Return Service in FY 2014. Only 7.2 percent (72 permits) of the 991 permits were held by mailers that used a permit for an outbound parcel shipment. The excel workbook "CAPCALC-SpecServ-CHIR4.xlsx" submitted with this response has been updated to reflect that only 72 permits and account maintenance fees would be waived.
- c. There were 20 permit fees, and 20 account maintenance fees, paid for Parcel Return Service in FY 2014. 95 percent (19 permits) were held by mailers that used a permit for an outbound parcel shipment. The excel workbook "CAPCALC-SpecServ-CHIR4.xlsx" submitted with this response has been updated to reflect that 19 permits and account maintenance fees would be waived.

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2. In the Notice, the Postal Service states that it “will no longer collect a signature at the time of delivery” for items insured for an amount between \$200.01 and \$500.00. Notice at 34. The Postal Service explains that “[m]ailers wishing to have the mailpiece signed for at the time of delivery for these items will need to purchase electronic Signature Confirmation or some other service that requires a signature.” *Id.* Please identify the calculations and source data used for this adjustment. If the calculations and source data have not been provided, please provide them.

RESPONSE:

The Postal Service used adjusted billing determinants in tab “*F-12 Signature Confirmation*” of “*CAPCALC-SpecServ-R2015-4.xlsx*” that assumed that all existing Insurance volume from \$200.01 to \$500.00 would purchase Signature Confirmation. However, as it noted in its Notice of Market Dominant Price Adjustment, filed on January 15, 2015, the Postal Service made this billing determinants adjustment because of its concern about how the Commission might handle the proposal.¹ The Postal Service continues to believe that no price cap impact is justified for a classification change that does not alter any price cells in the Mail Classification Schedule.² Should the Commission determine that the proposed classification change for insurance has a price cap impact; the Postal Service would consider withdrawing the proposal. In that regard, it would be helpful if the Commission reached a determination on this matter prior to the issuance of a final order approving the prices for Special Services.

¹ See, Notice of Market Dominant Price Adjustment. PRC Docket R2015-4 (Jan. 15, 2015), at 37 n. 19.

² See, e.g., Order No. 66- Review of Postal Service Notice of Market Dominant Price Adjustment, PRC Docket No. R2008-1 (Mar. 17, 2008), at 20 n.14 (stating that although the “Postal Service may include classification changes as part of its price adjustment filings pursuant to Part 3010 of the Commission’s Rules . . . , the Commission will apply the rules established pursuant to Part 3020 of the Commission’s Rules . . . to consider all proposed classification changes”).

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3. In the Notice, the Postal Service states that the "existing Restricted Delivery service is being eliminated, and replaced with a Restricted Delivery option under all special services with which it could previously be combined." Notice at 36. Excel file "CAPCALC-SpecServ.xlsm," tab "F-7 Restricted Delivery," cell "B17" contains the statement "[a]t this time we do not have the distribution of the volume by these combinations."
- a. Please confirm that Restricted Delivery will be available for the same services, with each service containing an identical price for restricted delivery, after the formal service is eliminated. If not confirmed, please explain.
 - b. Please confirm that distributing the Restricted Delivery volume for each service in FY 2014 would lead to the same price increase calculation as contained in Excel file "CAPCALC-SpecServ.xlsm," tab "F-7 Restricted Delivery." If not confirmed, please explain.

RESPONSE:

- a. Confirmed. However, Certified Mail with Restricted Delivery is reflected as a combined price (\$8.25 [\$3.30 + \$4.95]) in the proposed Mail Classification Schedule language.
- b. Confirmed.

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4. Pages 53-55 of the Notice contain a discussion of Mail Classification Schedule (MCS) changes, including those for Special Services. The Postal Service proposes to “[s]eparate First-Class Mail and First-Class Package Service permit fees, and include Parcel Select Lightweight permit fee with Parcel Select rather than Standard Mail.” Notice at 54.
- a. Please identify the location of these adjustments.
 - b. Please identify the calculations and source data used for this adjustment. If the calculations and source data have not been provided, please provide them.

RESPONSE:

- a.- b. Calculating a price cap impact would require detailed data on the number of customers that mailed First-Class Mail and First-Class Package Service mailings, and Standard Mail and Parcel Select Lightweight mailings, using the same permits during FY 2014. The Postal Service is not able to gather this information in the next few days. To avoid holding up the schedule for the entire price change case, the Postal Service is withdrawing this proposal. Revisions to the proposed Mail Classification Schedule language will be filed soon.

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5. In response to Order No. 2322 in Docket No. MC2015-8, the Postal Service notified the Commission that it would continue to offer Return Receipt for Merchandise Service. See Docket No. MC2015-8, Order Conditionally Approving Removal of Return Receipt for Merchandise Service from Mail Classification Schedule, January 15, 2015; Docket No. MC2015-8, Response of the United States Postal Service to Order No. 2322, January 28, 2015.
 - a. Please confirm that the Postal Service does not intend to make any changes to Return Receipt for Merchandise Service in this proceeding.
 - b. If not confirmed, please file revised MCS language to reflect the discontinuance of Return Receipt for Merchandise Service. Please also provide a revised price cap calculation for Special Services. Please include the rationale for the adjustments to the billing determinants and explain any differences from Docket No. MC2015-8, Response of the United States Postal Service to Chairman's Information Request No. 1, December 10, 2014.

RESPONSE:

- a. Confirmed
- b. N/A